

Message Text

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51

ACTION EUR-25

INFO OCT-01 NEA-10 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SS-20

NSC-10 L-03 AGR-20 INT-08 SCI-06 SCEM-02 DRC-01 /187 W

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R 081225Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6220

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY TEHRAN

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E.O. 11652: NA

TAGS: IR, EEC

SUBJ: EC-IRAN: EXPLORATORY TALKS IN JANUARY

REFS: A. EC BRUSSELS 7106

B. EC BRUSSELS 7443 (NOTAL)

1. SUMMARY. THE EC AND IRAN WILL OPEN EXPLORATORY
TALKS THE WEEK OF JANUARY 14 AIMED ULTIMATELY AT
THE NEGOTIATION OF A NEW MFN TRADE AGREEMENT BETWEEN
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THE TWO PARTIES. BECAUSE OF THE EXPIRY OF THE OLD

AGREEMENT, THESE DISCUSSIONS HAD BEEN PLANNED WELL BEFORE THE CURRENT OIL CRISIS, THOUGH THE LATTER DOES GIVE THEM MORE IMPORTANCE. PENDING THE COMPLETION OF NEGOTIATIONS THE COMMUNITY WILL AUTONOMOUSLY CONTINUE IN FORCE THE LIMITED MFN CONCESSIONS WHICH WERE INCLUDED IN THE EC-IRAN AGREEMENT WHICH EXPIRED NOVEMBER 30, 1973. WHILE IN FAVOR OF EXPANDING THE SCOPE OF THE OLD AGREEMENT, COMMISSION SOURCES TELL US THEY WILL REJECT ANY REQUESTS FROM IRAN FOR A PREFERENTIAL TRADE AGREEMENT. THOUGH NOT ON THE AGENDA, THE PETROLEUM SUPPLY QUESTION WILL INEVITABLY ARISE DURING ANY TALKS WITH IRAN BUT THE ROLE OF THE COMMUNITY-CUM-COMMUNITY IN OIL QUESTIONS IS STILL UNCLEAR -- PARTICULARLY AT A TIME WHEN MANY MEMBER STATES ARE TRYING TO WORK OUT BILATERAL PETROLEUM RELATED DEALS WITH IRAN AND OTHER MIDDLE EASTERN OIL PRODUCERS. END SUMMARY.

2. FOLLOWING A COUNCIL DECISION IN EARLY DECEMBER (REFTEL A), THE EC COMMISSION HAS SCHEDULED AN INITIAL ROUND OF EXPLORATORY TALKS WITH IRAN THE WEEK OF JANUARY 14 AIMED AT REVISING THE MFN TRADE AGREEMENT BETWEEN THE EC AND IRAN WHICH EXPIRED ON NOVEMBER 30, 1973. THE COMMUNITY HAS ALSO DECIDED THAT PENDING THE NEGOTIATION OF A NEW AGREEMENT IT WILL CONTINUE TO GRANT TO IRAN, ON AN AUTONOMOUS BASIS, THE LIMITED TRADE CONCESSIONS WHICH WERE INCLUDED IN THE OLD AGREEMENT. (THOSE CONCESSIONS COVER DRIED APRICOTS AND RAISINS, STURGEON CAVIAR AND CERTAIN HANDICRAFT PRODUCTS.)

3. THE EXPLORATORY TALKS WILL OPEN WITH THE ENERGY CRISIS AS A BACKDROP AND INEVITABLY THE QUESTION OF PETROLEUM SUPPLY IN EXCHANGE FOR INDUSTRIAL COOPERATION AND ASSISTANCE IN THE ECONOMIC DEVELOPMENT OF IRAN WILL BE RAISED. HOWEVER, COMMISSION SOURCES TELL US THAT THE TALKS WERE NOT SET UP AS DISCUSSIONS ON PETROLEUM. NEVERTHELESS, AS THE PRESENT DISCUSSIONS AND PROSPECTIVE NEGOTIATIONS ARE THE FIRST, SUBSEQUENT TO THE OIL CRISIS, BETWEEN THE EC AND A MIDDLE LIMITED OFFICIAL USE

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EASTERN OIL PRODUCER THE COMMISSION IS WELL AWARE THAT THE OUTCOME WILL LIKELY SET THE PATTERN FOR POSSIBLE FUTURE AGREEMENTS WITH OTHER COUNTRIES IN THE AREA.

4. THE COMMISSION IS PREPARED TO SEE A MORE SUBSTANTIAL CONTENT IN ANY FUTURE AGREEMENT WITH IRAN IF MEANINGFUL CONTENT CAN BE FOUND. OUR SOURCES SEE A RATHER LIMITED SCOPE

FOR THIS ON THE TRADE SIDE IN AN MFN AGREEMENT AND GIVEN THE FACT THAT IRAN IS ALREADY A BENEFICIARY UNDER THE COMMUNITY'S GSP SCHEME. THEY DO NOT EXCLUDE THAT IRAN MIGHT ASK FOR PREFERENTIAL ACCESS TO THE EC MARKET, BUT THEY SAY THEY PLAN TO REJECT SUCH A REQUEST IF IT IS MADE.

5. DURING THE OPENING PHASES OF THE EXPLORATORY TALKS THE COMMISSION WILL PRIMARILY HAVE A LISTENING BRIEF. SOME OF OUR SOURCES HAVE INDICATED THAT THE EC WOULD LIKE TO SEE THE DISCUSSIONS WITH IRAN FOLLOW THE GENERAL LINES DEVELOPED IN THE RECENT NEGOTIATIONS WITH INDIA. (REFTEL B) THIS WOULD RESULT IN A SO-CALLED COOPERATION AGREEMENT, RATHER GENERAL IN NATURE, WITH FEW SPECIFIC COMMITMENTS AT THE OUTSET, BUT HOLDING OUT OTHER POSSIBILITY OF COOPERATION IN A NUMBER OF FIELDS UNDER THE AEGIS OF A MIXED EC-IRANIAN COMMISSION. WE ARE TOLD THAT THIS IDEA HAS ALREADY BEEN BROACHED INFORMALLY WITH THE IRANIANS. WHILE THE IRANIANS DID NOT REJECT IT OUTRIGHT THEY WERE APPARENTLY LESS THAN ENTHUSIASTIC PREFERRING MORE SPECIFIC COMMITMENTS FROM THE EC THAN THOSE OBTAINED BY INDIA.

6. SOME COMMISSION SOURCES HAVE TOLD US THAT THE ROLE OF THE COMMUNITY PER SE IN COOPERATION AGREEMENTS INVOLVING PETROLEUM IMPORTS HAS YET TO BE RESOLVED. THIS IS PARTICULARLY THE CASE IN THE PRESENT ATMOSPHERE WHERE MANY MEMBER STATES ARE ATTEMPTING TO ARRANGE BILATERAL DEALS WITH THE OIL PRODUCERS. INDEED, ONE OFFICIAL TOLD A MISSION OFFICER THAT THE COMMISSION HOPES TO USE THE TALKS WITH IRAN AS A MEANS OF OBTAINING MORE DETAILED LIMITED OFFICIAL USE

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INFORMATION ON WHAT MEMBER STATES HAVE BEEN UP TO IN THEIR BILATERAL DEALINGS IN THE MIDDLE EAST. HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REORGANIZATIONS, TRADE AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU00094
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740157/aaaacbnj.tel
Line Count: 157
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. EC BRUSSELS 7106
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by kellew0>; APPROVED <25 APR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-IRAN: EXPLORATORY TALKS IN JANUARY
TAGS: PFOR, IR, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005